



Sense Partners COVID-19 Economy Tracker

A dashboard of daily
indicators

7 April 2020



SENSE PARTNERS
DATA LOGIC ACTION



We are tracking the NZ economy using daily data to understand the lockdown, the subsequent re-emergence and recovery

We expect to update the dashboard twice a week on Tuesdays and Fridays when we have fresh electronic card spending data.

The COVID-19 pandemic is an unprecedented shock. There are no choices that avert economic damage. But there are choices that prevent deaths and overwhelmed health facilities.

Policies that prevent business failures and job losses will be crucial in setting us up for a strong recovery in coming weeks and months. We need to be confident that our policy efforts are working.

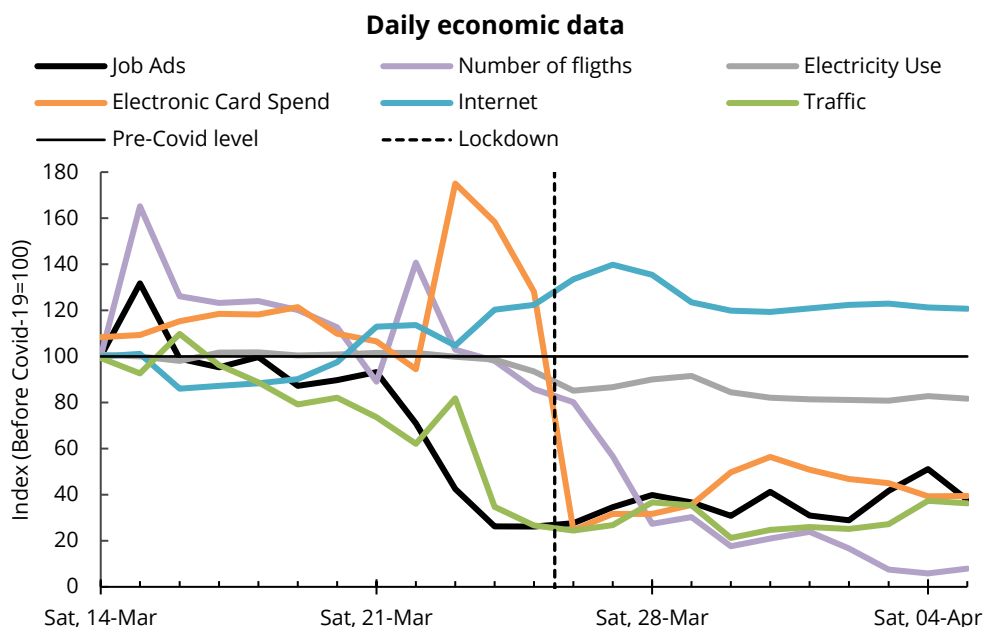
We aim to fill a gap in the frequency of economic data releases

Most economic data is released with significant delays. Confidence data for example are released monthly, soon after the end of the month, but this still means nothing new for a month. Official economic activity measures are usually released almost a quarter after the fact.

The economic situation is changing by the day. Rather than reckons, we need to track the economy as close to in real time as possible, to both understand the health of the economy, the policy actions that may be necessary, and the effectiveness of policies implemented.

Our suite of indicators will be a useful complement to officials' insight into jobless benefit applications, missed payments for utilities and credit relief requests, among others.

FIGURE 1: THE 6 INDICATORS WE ARE FOLLOWING SHOW A SLUMP IN ACTIVITY, BUT A SURGE IN INTERNET USE AS WE STAY HOME



Sources: Sense Partners analysis of data from Marketview, Trade Me, Chorus, Electricity Authority, Tom Tom and Flightradar24.



The daily data and what they measure

- **Marketview Electronic Card Transactions.** Marketview provides us with daily data of transactions through the Paymark network, which processes over 75% of debit and credit card transactions in New Zealand. This is a good proxy for household consumption, which accounts for around 60% of the economy. During the lockdown, we have seen spending on cards more than halve. We would expect this to recover post the lockdown. It may also show if there are lasting impacts on spending because of job losses or changed spending behavior.
- **Trade Me Job ads.** Job ads is a good indicator of hiring and firing in the economy. It also tends to correlate with investment by firms. In a highly uncertain environment, we expect job ads to fall. In the recovery, we will be watching this key indicator to assess actual hiring behavior by businesses.
- **Chorus Broadband Internet Data Use.** Broadband data use is a good indicator of internet use for staying socially connected, working from home, and entertainment (like Netflix). We have seen around a 20% increase in data use since the lockdown. We should expect this to reduce post the lockdown, but it may also give us a broad indication of people continuing to work from home.
- **Tom Tom Traffic Congestion.** Tom Tom measures congestion in New Zealand's five largest cities: Auckland, Hamilton, Tauranga, Wellington, Christchurch and Dunedin. Congestion is not the same as traffic volumes, rather it increases non-linearly when traffic exceeds the free-flowing capacity of the network. Because weekday traffic largely comprises people travelling for work, it is a read on both a measure of how well containment policies are working, and the economic recovery once the lockdown ends. It may also show, alongside internet use, if more people continue to work from home.
- **Flightradar24 Flights.** We track the Flightradar24 data for our top three international airports: Auckland, Wellington and Christchurch. The lockdown has disrupted air travel significantly, down around 90% from before the lockdown. We are watching this indicator for signs of some return to normality post-lockdown, for example people travelling within New Zealand.
- **Electricity Authority Electricity Generation.** We track daily electricity data from the Electricity Authority. During the shutdown we would expect to see significant reductions in commercial and industrial electricity use, partially offset by more people being at home through the day. This should bounce back up once economic activity returns to more normal patterns.

How to improve monitoring

Our daily indicators are only a partial read on the economy but benefit from being available in real-time. Additional daily indicators, such as benefit applications to MSD, lending support applications, past due payments on utilities and local authority rates, among others would improve monitoring. We are also investigating blending high frequency data with survey and monthly measures of economic activity to provide a more effective GDP tracker.



SENSE PARTNERS COVID-19 ECONOMY TRACKER A DASHBOARD OF DAILY INDICATORS



Sense Partners COVID-19 New Zealand Economy Tracker

Last updated: 07 Apr 2020

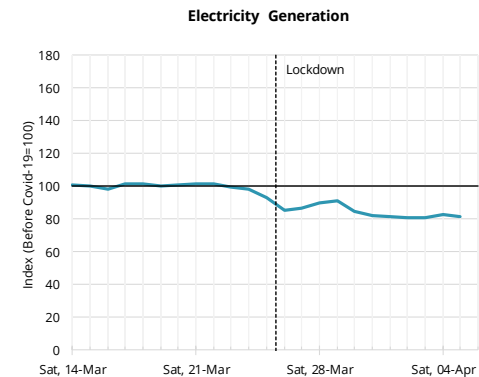
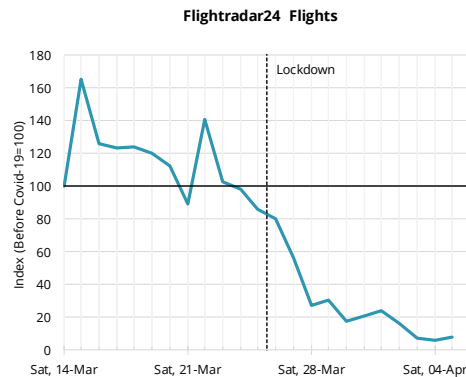
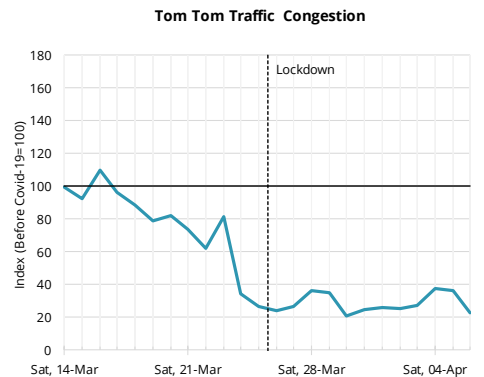
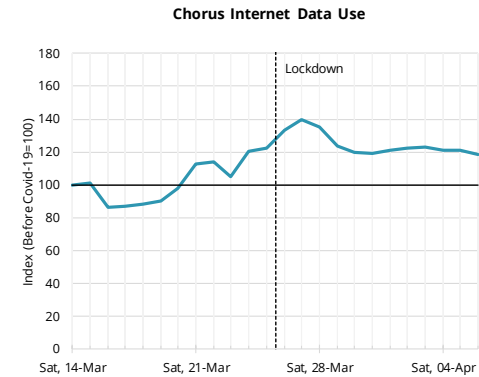
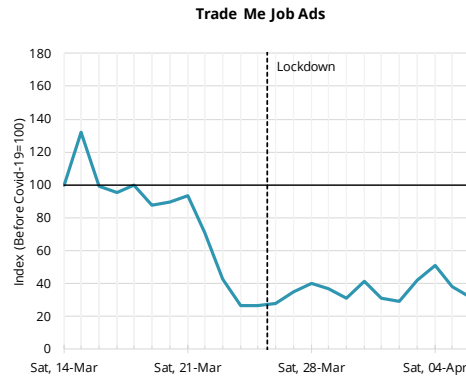
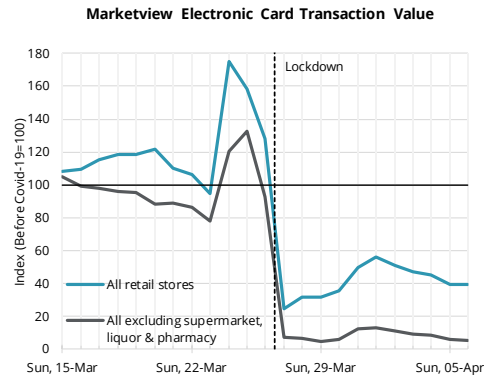


Chart title and data source:

- Marketview Electronic Card Transactions by value.
- Trade Me Job Ads.
- Chorus Internet Data Use on its network.
- Tom Tom Traffic Congestion.
- Flightradar24 Flights.
- Electricity Authority Electricity Generation.

Interpretation:

- How much people are spending relative to before Covid-19 on the Paymark network. We would expect this to track overall consumer spending, which accounts for 60% of the economy.
- Number of job ad listings relative to before Covid-19. We would expect to see businesses hiring again as economic activity picks up.
- We would expect to see increased broadband data use on the Chorus network when people are home, for social connection, more entertainment and working from home.
- We would expect to see increased traffic congestion as people go back to work, school and other usual travel patterns.
- The number of flights across our 3 main airports. We would expect this to increase as the pandemic comes under control.
- We would expect electricity generation to fall during a shutdown as commercial and industrial activity is reduced. And pick up again alongside economy.

Contact: Shamubeel Equb | shamubeel@sense.partners | 021 573 218



Contact details:
Shamubeel Equb
021 573 218
shamubeel@sense.partners



SENSE PARTNERS
DATA LOGIC ACTION